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In This Issue:

International Economic Comparisons

U.S. Trade Developments

International Trade Developments:

United States becomes China's largest market

Imports from Caribbean Basin show strong growth in 1989

Statistical Tables

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CONTENTS

INTERNATIONAL ECONOMIC COMPARISONS

Summary of U.S. Economic Conditions

Current U.S. economic conditions remain favorable to growth at a moderate pace. Exports are growing, consumer confidence is strong, and the February trade deficit showed a substantial improvement.

Meanwhile, the U.S. Department of Commerce has revised upward its estimate of the 1989 fourth quarter growth rate to 1.1 percent from 0.9 percent. The upward revision revealed the underlying vigor of the economy and alleviated fears of a 1990 recession. The fourth quarter revised growth rate was much lower than the growth rates in the previous three quarters of 1989 (3.7 percent in the first quarter, 2.5 percent in the second quarter, and 3.0 percent in the third quarter). Nevertheless, rather than reflecting a fundamental weakness, the lower rate reflected the downward pressures exerted by the Federal Reserve's tight monetary policy, the California earthquake, and the labor strike at the Boeing Co.

Moreover, business activity seems to have been stimulated by the marked growth in export demand and strong consumer spending. The National Association of Purchasing Management's (NAPM) Purchasing Manager's Index (PMI) advanced to 48.8 percent in March from 48.3 percent in February 1990, an indication that the decline in the manufacturing economy may be ending. (An index level below 50 percent indicates that manufacturing is declining, and above 50 percent that manufacturing is expanding, according to the NAPM.) The new export orders component of the PMI rose markedly in March to 59.9 percent from 53.0 percent in February 1990.

According to U.S. Department of Commerce, Bureau of the Census estimates, business plans to spend $513 billion in current dollars for new plant and equipment in 1990, 7.8 percent higher than in 1989. The Census Bureau also estimates that real spending will increase by 7.6 percent in 1990 on the basis of a projected 0.2 percent increase in the capital goods price deflator. Investment could be further stimulated by relatively lower interest rates. Meanwhile, the February merchandise trade deficit hit its lowest level in 6 years. Growing foreign demand for U.S. exports and a decline in imports and oil import prices have caused the deficit shrinkage.

Economic Growth

The annualized rate of real economic growth in the United States in the third and fourth quarters of 1989 was 3.0 and 1.1 percent, respectively. The annualized rate of real economic growth in the fourth quarter of 1989 was 2.4 percent in the United Kingdom, 2.0 percent in Canada, 3.7 percent in West Germany, and 4.3 percent in France. The real rate of growth in the third quarter of 1989 was 3.2 percent in Italy and 12.2 percent in Japan.

Industrial Production

U.S. industrial production rose by 0.7 percent in March after increasing by 0.8 percent in February 1990. The March 1990 index was 1.0 percent higher than it was in March 1989. The March 1990 increase was due to a rebound (up 16.0 percent) in the output of trucks, motor vehicles, and parts, which in January had fallen to its lowest level since January 1983. Utility output also rose by 6.1 percent in March after declining in January and February 1990 because of unseasonably warm weather.

Capacity utilization in manufacturing, mining, and utilities increased by 1.0 percentage point in March to 83.3 percent from the level in February 1990 owing to the increase in the auto and truck assembly utilization rates. The operating rate in mining rose to 87.8 percent in March from 87.2 percent in February 1990.

Other major industrial countries reported the following annual growth rates of industrial production: in the year ended February 1990, Japan reported an increase of 3.2 percent, and West Germany, 4.4 percent. In the year ended January 1990, France reported an increase of 2.2 percent; the United Kingdom, 0.3 percent; and Canada, a decrease of 0.2 percent. In the year ended December 1989, Italy reported an increase of 2.5 percent.

Prices

The seasonally adjusted U.S. Consumer Price Index rose by 0.5 percent in March from that of February 1990 and increased by 5.2 percent during the year ending March 1990.

During the 1-year period ended March 1990, consumer prices increased by 2.8 percent in West Germany and by 6.1 percent in Italy. During the year

ended February 1990, consumer prices increased by 5.4 percent in Canada, 7.5 percent in the United Kingdom, 3.4 percent in France, and 3.6 percent in Japan.

Employment

The seasonally adjusted rate of unemployment in the United States (on a total labor force basis, including military personnel) declined slightly in March to 5.1 percent from 5.2 percent in February 1990.

In February 1990, West Germany reported 7.4 percent unemployment; Japan, 2.1 percent; Canada, 7.7 percent; and the United Kingdom, 5.6 percent. In January 1990, Italy reported a 10.9-percent unemployment rate. (For foreign unemployment rates adjusted to U.S. statistical concepts; see the tables at the end of this issue.)

Forecasts

Table 1 shows macroeconomic projections for the U.S. economy from January to December 1990, by four major forecasters, and the simple average of these forecasts. Forecasts of all the economic indicators, except unemployment, are presented as percentage changes over the preceding quarter, on an annualized basis. The forecasts of the unemployment rate are averages for the quarter. The average forecasts point to only modest growth in nominal and real GNP for the remainder of 1990 because of a continuation of the Federal Reserve's tight monetary policy. The growth rate of real GNP is forecast to rise by 0.5 percentage point in the second and third quarters of the year, to 2.3 percent, and then to drop in the fourth quarter to 1.9 percent, almost the same level reached in the first quarter. The average of the forecasts predicts a slight increase in the unemployment rate in the last quarter of 1990. The causes of the predicted economic growth are (1) a projected rebound in export growth because of the higher growth rates in Western Europe and the opening of the EC and other markets to U.S. exports, and (2) a projected boost in U.S. domestic investment owing to the strengthening of export orders, strong consumer spending, and possibly lower interest rates. Inflation (measured by the GNP deflator index) is expected to rise slightly after the second quarter of 1990.

U.S. TRADE DEVELOPMENTS

The seasonally adjusted U.S. merchandise trade deficit in current dollars declined by 30.1 percent, to $6.5 billion, in February 1990, from $9.3 billion in January. The February 1990 deficit was 28.6 percent lower than the $9.1 billion average monthly deficit registered during the previous 12-month period, and 27.0 percent lower than the $8.9 billion deficit registered in February 1989. The decline in the U.S. merchandise trade deficit was the result of a considerable decline in imports rather than an increase in exports. Exports decreased slightly in February to $31.6 billion from $31.9 billion in January 1990. Meanwhile, imports declined considerably more--by 7.8 percent, to $38.1 billion in February from $41.3 billion in January 1990.

The following tabulation shows U.S. exports, imports, and trade balances in current and constant (1987) dollars, on a 3-month moving average basis, and exports and imports and trade balances of advanced technology products as reported by the U.S. Department of Commerce for January and February 1990 (in billions of dollars).

	Exports		Imports		Trade balance	
	Jan. 90	Feb. 90	Jan. 90	Feb. 90	Jan. 90	Feb. 90
Current dollars . . .	31.9	31.6	41.3	38.1	-9.3	-6.5
1987 dollars	29.5	29.3	38.0	35.1	-8.5	-5.8
3-month moving average . .	31.1	31.5	40.2	39.3	-9.1	-7.8
Advanced technology products	6.9	7.7	4.6	4.2	2.3	3.5

In constant dollars, exports decreased slightly in February while imports declined by almost $3.0 billion, resulting in a decline in the trade deficit of around 32.0 percent. The 3-month moving average shows a lower decline in the trade deficit (13.0 percent). Exports of advanced technology products increased while imports declined resulting in a higher (up 52.2 percent) trade surplus in February over January 1990. (Advanced technology products, defined by the U.S. Department of Commerce, include about 500 of the total of 22,000 import classification codes.

Sectors that recorded export increases in February 1990 were airplanes (up 109.1 percent) and vehicle parts (up 20.0 percent). Sectors that recorded export declines included power-generating machinery (down 7.7 percent), organic and inorganic chemicals (down

Table 1
Projected quarterly percentage changes in selected U.S. economic indicators, 1990

Item	UCLA Business Forecast Project	Merrill Lynch Capital Markets	Data Resources Inc.	Wharton E.F.A. Inc.	Mean of 4 fore-casts
GNP:[1]					
January-March	6.5	8.2	7.4	8.0	7.5
April-June	5.9	6.1	5.1	5.4	5.6
July-September	6.2	6.8	5.7	6.2	6.2
October-December	5.7	6.0	5.3	6.5	5.9
GNP:[2]					
January-March	1.2	2.4	1.9	1.7	1.8
April-June	1.7	2.7	2.6	2.1	2.3
July-September	2.1	2.3	2.3	2.4	2.3
October-December	1.8	1.5	1.9	2.5	1.9
GNP deflator index:					
January-March	5.2	5.6	5.3	6.1	5.5
April-June	4.1	3.3	2.5	3.2	3.3
July-September	4.0	4.3	3.3	3.7	3.8
October-December	3.9	4.5	3.3	3.8	3.9
Unemployment, average rate:					
January-March	5.5	5.3	5.3	5.3	5.3
April-June	5.6	5.4	5.4	5.3	5.4
July-September	5.7	5.4	5.4	5.3	5.4
October-December	5.9	5.5	5.4	5.2	5.5

[1] Current dollars.
[2] Constant (1982) dollars.

Note.--Percentage changes in the forecast represent compounded annual rates of change from preceding period. Quarterly data are seasonally adjusted.

Source: Compiled from data provided by the Conference Board. Used with permission.

16.7 percent), automatic data processing equipment and office machines (down 5.0 percent), and airplane parts (down 12.5 percent). (See table 2 for monthly export changes and contributions of exporting sectors to total exports in February 1990).

Import declines in February 1990 were concentrated in petroleum and petroleum products (down 19.1 percent), clothing and footwear (down 15.7 percent), airplanes (down 50.4 percent), organic and inorganic chemicals (down 14.5 percent), iron and steel mill products (down 21.8 percent), telecommunications apparatus, equipment, and parts (down 7.2 percent), textile yarns, fabrics, and articles (down 18.3 percent), metalworking machinery (down 27.1 percent), and electrical machinery (down 3.7 percent). Meanwhile, the U.S. agricultural trade surplus declined to $1.4 billion in February from $1.6 billion in January 1990. In addition, the U.S. oil import bill declined to $4.8 billion in February 1990 from $5.9 billion in January 1990.

The United States experienced improvements in merchandise trade deficits in February 1990 with Canada, the EC, the NICs, China, and OPEC; and a deficit increase with Japan. The U.S. trade deficit with Canada declined to $295 million from $635 million; the deficit with the EC of $49 million turned into a

Table 2
Value of exports, not seasonally adjusted, percentage changes in exports, and contribution of specified sectors as a share of total exports, February 1990

Sector	Exports	Change from January 1990	Total exports
	Billion dollars	Percent	
Electrical machinery	2.1	-4.6	6.8
ADP equipment, office machinery	1.9	-5.0	6.1
Other manufactured goods	1.7	-10.5	5.5
Power generating machinery	1.2	-7.7	3.9
General industrial machinery	1.2	0	3.9
Specialized industrial machinery	1.2	0	3.9
Chemicals organic and inorganic	1.0	-16.7	3.2
Airplanes	2.3	109.1	7.4
Scientific instruments and parts	.9	-10.0	2.9
Vehicle parts	1.2	20.0	3.9
Airplane parts	.7	-12.5	2.3
Telecommunications	.6	0	1.9
Textile yarns, fabrics, and articles	.4	0	1.3
Metal manufacturers, n.s.p.f.	.3	-25.0	1.0
Iron and steel mill products	.2	-33.3	.6
Total manufactures	[1]23.4	3.1	75.7
Agriculture	3.5	-5.4	11.3
Other	4.0	-4.8	12.9
Total exports	30.9	1.0	100.0

[1] Because of the exclusion of certain sectors, figures may not add to the totals shown.
Source: *U.S. Department of Commerce News*, Apr. 18, 1990.

surplus of almost $1.1 billion. The deficit with NICs declined by one-half, from $2.1 billion to $1.0 billion. The deficit with OPEC declined from $2.6 billion to $2.0 billion, and the deficit with China declined from $841 million to $460 million. In contrast, the deficit with Japan increased from $2.9 billion to $3.1 billion.

INTERNATIONAL TRADE DEVELOPMENTS

United States Becomes China's Largest Market

In 1989, U.S. imports from China amounted to $11.9 billion, an unprecedented $3.4 billion annual increase. Moreover, most of the growth occurred during the time it was least expected, in the months following the Chinese Government's brutal suppression of the prodemocracy movement when the role China would continue to play in the world economy was most in doubt. During the first half of 1989, the value of U.S. imports from China increased by $1.2 billion compared with their level during January-June 1988. During the last 6 months of the year, they amounted to $2.2 billion more than that during the corresponding period of 1988 and $2.0 billion more than the value of imports during the first half of 1989.

As a result of this surge in imports, the United States not only became China's leading export market, surpassing Japan for the first time, but also became by far its most rapidly growing market. Among U.S. trading partners, China became the ninth-largest source of imports in 1989, rising from twelfth place in 1988.

Although China appears to have focused on the U.S. market in particular, the increase in its sales to the United States took place within a context of overall export growth, primarily during the last half of 1989. An overheated economy caused mainly by strong domestic consumer demand reduced the supply of

goods available for export during the first 6 months of the year. In July and August, however, the situation reversed. An austerity program that China had initiated in September 1988 to fight its high rate of inflation suddenly took hold. Consumer demand plummeted, inventories built up rapidly, and industrial growth slowed (see IER, January 1990), making a large supply of finished goods and some raw materials available for export. The recentralization of foreign trade (together with other sectors of the economy) following the transfer of China's economic policymaking to more conservative leaders in June, also aided the expansion of exports. The Government ensured that export industries were provided with credit to cover production costs and adequate supplies of energy and raw materials.

China reported total merchandise exports of $52.5 billion in 1989, of which (according to U.S. statistics) goods imported by the United States accounted for 23 percent. Since China faces more formidable import restrictions in many markets and has curtailed exports of raw materials that are needed for domestic production, China's leadership probably views the United States as its most lucrative and accessible market in its drive to expand the sale of manufactured goods. Textiles and textile articles are still the largest commodity group among these exports to the U.S. market, but China has also succeeded in broadening its export base to include a wide range of manufactures such as consumer electronics products, small electric appliances, toys, sports equipment, footwear, and travel goods.

It should be noted that there is a wide discrepancy between the U.S. figures on imports from China and China's figures on exports to the United States. According to Chin's customs statistics, China's exports to the U.S. market amounted to only $4.4 billion in 1989. Most of the difference between this total and the $11.9 billion in U.S. imports from China reported by the U.S. Bureau of the Census can be traced to Chinese products that initially enter Hong Kong and are then reexported. The United States counts these transshipments in compiling data on trade with China, but China treats Hong Kong as the destination for these goods and compiles no separate data on its products that are reexported. For this reason, China's statistics for 1989 also showed that Hong Kong, rather than the United States, was China's largest export market.

Imports from Caribbean Basin Show Strong Growth in 1989

After declining in each of the last 3 years, total U.S. imports from the Caribbean Basin grew by 14 percent in 1989, to $7.0 billion, up from $6.2 billion in 1988. Imports from countries eligible for special treatment under the Caribbean Basin Economic Recovery Act (CBERA) program increased by $576.4 million, accounting for most of the growth in imports from the region. (In 1989, 22 of the Caribbean Basin's 28 countries were CBERA beneficiaries.) Notwithstanding Panama's absence from the group in 1989, imports from the CBERA beneficiaries grew by 10 percent, to $6.6 billion, up from $6.1 billion a year earlier. Panama was reinstated as a beneficiary in March 1990.

The composition of imports from the region also continued to change in 1989, with strong growth exhibited in textiles, apparel, and chemical imports. In 1989, textile and apparel imports increased by 17 percent on a customs value basis to account for 26 percent of all imports from the CBERA countries, up from 24 percent in 1988. The value of textiles and apparel imports has more than doubled since 1985, principally under HTS item 9802.00.80 (which provides an exclusion from the calculation of dutiable value on U.S. components of imports that have been assembled in a foreign country and then returned to the United States for additional processing). The customs value of imports entering the United States under HTS item 9802.00.80 grew by 18 percent in 1989, reaching $1.6 billion and accounting for 18 percent of total imports from the CBERA beneficiaries. The duty-free value of HTS 9802.00.80 imports amounted to almost $1.1 billion.

Chemical imports from the CBERA countries increased sharply (88 percent) in 1989 to account for 8 percent of total U.S. imports from the region, up from 5 percent in the previous year. Imports of animal and vegetable products from the CBERA beneficiaries, consisting primarily of fruit, coffee, shellfish, sugar, and meat, continued to decline in 1989, but at a somewhat slower rate than in previous years. These imports accounted for 21 percent of total U.S. imports from the CBERA beneficiaries in 1989, compared with 24 percent in 1988 and 27 percent in 1987. Imports of mineral products (includes petroleum and petroleum products) from the CBERA countries rose slightly in 1989, although as a share of total imports from the group these imports declined from 20 percent in 1988 to 18 percent.

Sixty-eight percent of all imports from the CBERA countries entered the United States free of duties in 1989, almost one-half of which was duty-free under the regular column 1 (most-favored nation) rate. Out of the total $4.5 billion in duty free imports originating from the program's beneficiaries last year, $905.8 million worth, or 19 percent, entered the U.S. customs territory duty-free under the CBERA program. This is a 15-percent increase from the $790.9 million in CBERA imports in 1988 and represents 14 percent of total imports from the CBERA countries.

As in past years, imports of frozen and fresh meat of bovine animals (HTS 0202.30.60 and HTS 0201.30-.60) combined accounted for the largest product category of imports ($118.5 million) entering the United States duty free under CBERA provisions. Sugar was second, with imports valued at $106.4 million, down from $112.1 million the prior year. Pineapples accounted for $32.0 million worth of CBERA duty-free imports followed by baseballs and softballs, with $28.8 million, and medical instruments, with $27.1 million in CBERA imports. The list of leading CBERA imports in 1989 also included cigars, electrical apparatus for switching, ethyl alcohol (ethanol), electrical variable resistors, and jewelry.

In 1989, the CBERA marked its sixth year of operation as part of the Administration's Caribbean Basin Initiative (CBI). On March 2, 1989, CBI-II legislation (H.R. 1233 and S. 504) was introduced in the U.S. Congress to expand the benefits of the CBERA. The bills originally included provisions to extend the CBERA indefinitely and provide duty-free treatment for many of the products currently excluded from the program's preferential duty treatment. Under the current CBERA, set to expire September 30, 1995, articles ineligible for duty-free treatment include petroleum and petroleum products; textiles and apparel; tuna; footwear; certain handbags, luggage and flatgoods; work gloves; certain leather apparel; and watches and watch parts if any component originated in a communist country. In October 1989, the U.S. House of Representatives approved a less-comprehensive version of the original CBI-II bill. CBI-II legislation is currently pending in the Senate. Final passage of CBI-II legislation is expected by early summer.

STATISTICAL TABLES

Industrial production, by selected countries and by specified periods, January 1987–February 1990

(Percentage change from previous period, seasonally adjusted at annual rate)

Country	1987	1988	1989	1989 I	1989 II	1989 III	1989 IV	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.
United States	3.8	5.7	3.3	2.2	3.2	1.3	-0.2	4.1	4.3	-12.7	-12.7
Japan	3.4	9.4	6.0	13.2	0.0	0.8	2.7	5.2	2.0	3.0	4.1
Canada	2.7	4.2	2.3	4.3	1.3	-0.6	-2.2	-2.7	-2.1	-0.9	0.9
West Germany	.2	3.1	5.0	9.1	3.3	0.4	10.1	7.8	([1])	([1])	([1])
United Kingdom	3.4	3.8	.9	-2.6	-1.2	5.7	2.4	10.2	([1])	([1])	([1])
France	2.2	4.3	4.1	3.7	7.4	3.6	-1.2	23.7	([1])	([1])	([1])
Italy	2.6	5.9	3.2	-3.9	.2	11.7	-0.1	-3.0	([1])	([1])	([1])

[1] Not available.

Source: *Economic and Energy Indicators*, U.S. Central Intelligence Agency, March 23, 1990.

Consumer prices, by selected countries and by specified periods, January 1987–February 1990

(Percentage change from previous period, seasonally adjusted at annual rate)

Country	1987	1988	1989	1989 I	1989 II	1989 III	1989 IV	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.
United States	3.7	4.1	4.8	5.4	6.0	2.8	4.0	4.9	4.9	14.1	([1])
Japan	.1	.7	2.3	-2.2	9.8	0.6	2.6	-11.8	5.9	2.3	2.3
Canada	4.4	4.0	5.0	5.1	6.2	5.4	4.0	3.5	2.1	10.7	([1])
West Germany	.3	1.2	2.8	3.8	3.3	1.9	3.0	2.3	3.5	2.2	3.1
United Kingdom	4.1	4.9	7.8	7.8	8.3	6.6	7.6	10.1	3.1	9.4	([1])
France	3.3	4.3	4.1	3.7	7.4	3.6	-1.2	23.7	([1])	([1])	2.3
Italy	4.6	5.9	3.2	-3.9	.2	11.7	-0.1	-3.0	([1])	2.4	7.5

[1] Not available.

Source: *Economic and Energy Indicators*, U.S. Central Intelligence Agency, March 23,1990

Unemployment rates, (total labor force basis)[1] by selected countries and by specified periods, January 1987–March 1990

(Percentage change from previous period, seasonally adjusted at annual rate)

Country	1987	1988	1989	1989 I	1989 II	1989 III	1989 IV	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.
United States	6.1	5.4	5.2	5.1	5.2	5.2	5.3	5.3	5.3	5.2	5.2
Japan	2.9	2.5	2.3	2.4	2.3	2.2	2.2	2.2	2.1	2.2	([2])
Canada	8.8	7.7	7.5	7.5	7.6	7.3	7.5	7.5	7.7	7.8	7.6
West Germany	6.2	6.2	5.6	5.8	5.7	5.6	5.5	5.6	5.5	5.4	5.3
United Kingdom	10.2	8.2	6.4	7.0	6.5	6.2	5.8	5.8	5.8	5.7	5.7
France	10.5	10.1	9.9	9.9	9.9	9.9	9.8	9.8	9.7	9.8	9.8
Italy	7.7	7.8	7.7	7.6	7.8	7.7	7.5	3.0	([2])	([2])	([2])

[1] Seasonally adjusted; rates of foreign countries adjusted to be comparable with U.S. rate.
[2] Not available.
Source: *Economic and Energy Indicators*, U.S. Central Intelligence Agency, March 23, 1990.
Note.—Italian unemployment surveys are conducted only once a quarter, in the first month of the quarter.

Money-market interest rates,[1] by selected countries and by specified periods, January 1987–March 1990

(Percentage, annual rates)

Country	1987	1988	1989	1989 I	1989 II	1989 III	1989 IV	1989 Dec.	1990 Jan.	1990 Feb.	1990 Mar.
United States	7.0	7.8	9.3	9.7	9.7	8.9	8.6	8.3	7.6	8.27	8.3
Japan	3.9	4.4	5.3	4.9	5.1	5.4	5.6	(2)	(2)	(2)	6.3
Canada	8.4	9.6	12.2	11.7	12.3	12.3	12.4	(2)	(2)	(2)	13.3
West Germany	4.0	4.3	7.0	6.2	6.8	7.2	8.3	(2)	8.4	(2)	8.4
United Kingdom	9.6	8.9	13.3	13.0	13.5	14.0	15.2	(2)	15.1	(2)	15.2
France	8.1	7.9	9.2	9.0	8.8	9.2	10.3	(2)	11.5	(2)	10.6
Italy	11.2	11.0	12.7	12.4	12.5	12.9	13.3	(2)	13.5	(2)	(2)

[1] 90-day certificate of deposit.

[2] Not available.

Source: *Federal Reserve Statistical Release*, *April 2, 1990 Economic and Energy Indicators*, Central Intelligence Agency, March 23, 1990.

Effective exchange rates of the U.S. dollar, unadjusted for inflation differential, by specified periods, January 1987–March 1990

(Percentage change from previous period)

Item	1987	1988	1989	1989 I	1989 II	1989 III	1989 IV	1989 Dec.	1990 Jan.	1990 Feb.	1990 Mar.
Unadjusted:											
Index[1]	94.1	88.0	91.3	88.8	92.5	92.8	91.0	89.7	89.0	89.1	90.6
Percentage change	-11.2	-6.5	6.4	1.7	4.1	.3	-1.9	-1.8	-.7	.1	1.6
Adjusted:											
Index[1]	90.2	85.9	91.8	89.4	92.8	92.9	91.8	90.5	89.9	90.0	91.6
Percentage change	-10.6	-4.8	6.8	4.3	3.8	.1	-1.1	-2.0	-.6	.1	1.7

[1] 1980-82 average=100.

Note.—The foreign-currency value of the U.S. dollar is a trade-weighted average in terms of the currencies of 15 other major nations. The inflation-adjusted measure shows the change in the dollar's value after adjusting for the inflation rates in the United States and in other nations; thus, a decline in this measure suggests an increase in U.S. price competitiveness.

Source: Morgan Guaranty Trust Co. of New York, April 24, 1990.

9

Trade balances, by selected countries and by specified periods, January 1987–March 1990

(In billions of U.S. dollars, f.o.b. basis, at an annual rate)

Country	1987	1988	1989	1989 I	1989 II	1989 III	1989 IV	1989 Nov.	1989 Dec.	1990 Jan.	1990 Feb.
United States[1]	–152.1	–118.5	–108.9	–111.2	–103.4	–107.2	–112.9	–121.3	–92.1	–111.8	–77.8
Japan	96.2	94.8	77.4	96.8	80.0	76.0	56.8	64.8	48.0	50.4	([3])
Canada	8.6	8.0	3.9	7.6	3.6	3.6	.8	([3])	([3])	([3])	([3])
West Germany[2]	65.6	72.6	72.6	80.8	68.4	75.6	63.2	([3])	([3])	106.8	([3])
United Kingdom	–16.9	–36.9	–37.9	–41.6	–38.4	–42.8	–27.6	–28.8	–22.8	–39.6	([3])
France	–5.2	–5.4	–7.2	–2.4	–8.4	–9.2	–8.8	([3])	–4.8	–1.2	([3])
Italy	–8.7	–10.7	–12.7	–17.2	–12.0	–11.6	–11.2	–19.2	–3.6	–20.4	([3])

[1] 1986, exports, f.a.s.value, adjusted; imports, c.i.f.value, adjusted.Beginning with 1987, figures were adjusted to reflect change in U.S.Department of Commerce reporting of imports at customs value, seasonally adjusted, rather than c.i.f.value.

[2] Imports, c.i.f value, adjusted.

[3] Not available.

Source: *Economic and Energy Indicators*, U.S.Central Intelligence Agency, March 23, 1990, and Advance Report on U.S.Merchandise Trade, U.S.Department of Commerce, April 18, 1990.

U.S. trade balance,[1] by major commodity categories,and by specified periods, January 1987–February 1990

(Percentage, annual rates)

Country	1987	1988	1989	1989 I	1989 II	1989 III	1989 IV	1990 Jan.	1990 Feb.
Commodity categories:									
Agriculture	7.0	13.9	17.9	4.9	4.2	3.5	5.1	1.6	1.4
Petroleum and selected products (unadjusted)	–39.5	–38.1	–44.7	–9.5	–12.1	–11.4	–11.4	–5.4	–4.3
Manufactured goods	–146.1	–146.1	–103.2	–25.3	–23.5	–27.1	–27.7	–7.7	–5.5
Selected countries:									
Western Europe	–27.9	–12.5	–1.3	–.8	–.08	–.3	–.6	–.3	.9
Canada[2]	–11.5	–9.7	–9.6	–2.8	–1.6	–2.2	–2.8	–.6	–.3
Japan	–58.0	–51.7	–49.0	–12.3	–12.1	–12.0	–12.2	–2.8	–3.1
OPEC (unadjusted)	–13.7	–8.9	–17.3	–2.9	–4.7	–5.0	–4.3	–2.6	–2.0
Unit value of U.S.imports of petroleum and selected products (unadjusted)	$15.02	$18.12	$16.80	$17.96	$16.54	$16.38	$17.46	$20.13	$19.39

[1] Exports, f.a.s.value, unadjusted.1986–88 imports, c.i.f.value, unadjusted; 1989 imports, customs value, unadjusted.

[2] Beginning with February 1987, figures include previously undocumented exports to Canada.

[3] Beginning with 1988, figures were adjusted to reflect change in U.S.Department of Commerce reporting of imports at customs value, seasonally unadjusted, rather than c.i.f.value.

Source: Advance Report on U.S.Merchandise Trade, U.S.Department of Commerce, April 18, 1990.

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